

## **2007 DRAFTING REQUEST**

### **Senate Amendment (SA-SSA1-SB40)**

Received: **06/15/2007**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Dyck**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Other - fuel**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

---

#### **Pre Topic:**

LFB:.....Dyck -

---

#### **Topic:**

Oil company assessments

---

#### **Instructions:**

See Attached

---

#### **Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							
/1	jkreye 06/15/2007	kfollett 06/18/2007	rschluet 06/18/2007	_____	sbasford 06/18/2007		
	jkreye 06/18/2007	wjackson 06/18/2007		_____			
/2			pgreensl 06/18/2007	_____	sbasford 06/19/2007		

FE Sent For:

<END>

**2007 DRAFTING REQUEST****Senate Amendment (SA-SSA1-SB40)**Received: **06/15/2007**Received By: **jkreye**Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau**By/Representing: **Dyck**This file may be shown to any legislator: **NO**Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Other - fuel**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

---

**Pre Topic:**

LFB:.....Dyck -

---

**Topic:**

Oil company assessments

---

**Instructions:**

See Attached

---

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							
/1	jkreye 06/15/2007	kfollett 06/18/2007	rschluet 06/18/2007	<u>6</u> 11/8 P8/SH	sbasford 06/18/2007		

FE Sent For:

&lt;END&gt;

**2007 DRAFTING REQUEST**

**Senate Amendment (SA-SSA1-SB40)**

Received: **06/15/2007**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Dyck**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Other - fuel**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

---

**Pre Topic:**

LFB:.....Dyck -

---

**Topic:**

Oil company assessments

---

**Instructions:**

See Attached

---

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
--------------	----------------	-----------------	--------------	----------------	------------------	-----------------	-----------------

/?	jkreye	1/15/07 6/18					
----	--------	-----------------	-------------------------------------------------------------------------------------	--	--	--	--

FE Sent For:

<END>

TRANSPORTATION

Omnibus Motion

[LFB Papers #761 thru #788]

Motion:

Move to adopt the following changes to the bill:

1. *Oil Company Assessment -- Exemptions and International Fuel Tax Agreement.* Adopt Alternative #A2 from LFB Issue Paper #762, which would extend all current law exemptions to the motor vehicle fuel tax to the proposed oil company assessment in order to reflect the Governor's modified recommendation for the types of uses subject to the assessment. Adopt Alternative #C1 from LFB Issue Paper #762, which would decrease estimated transportation fund revenues by \$300,000 in 2007-08 and \$400,000 in 2008-09 to reflect a reestimate of oil company assessment revenue due to provisions of the International Fuel Tax Agreement.

2. *Oil Company Assessment -- Other Provisions.* Adopt Alternative #A2, Parts a, b, and c from LFB Issue Paper #763, which, with respect to the oil company assessment provisions in the bill, would: (a) specify that the oil company assessment would first apply to motor vehicle fuel sales on October 1, 2007; (b) define gross receipts to mean and include all consideration received from the first sale in the state of motor vehicle fuel received by a supplier for sale in this state, for sale for export to this state, or for export to this state, but do not include state or federal excise taxes, or the petroleum inspection fees, collected from the purchaser; and (c) specify that the person responsible for an action to recover the cost of the oil company assessment would be subject to the possible six-month prison term and define person to mean an officer, employee, or other responsible person of a corporation or other form of business association or a member, employee, or other responsible person of a partnership, limited liability company, or sole proprietorship, who, as such officer, employee, member, or other responsible person, is under a duty to establish the selling price of motor vehicle fuel. Adopt Alternative #B2 from LFB Issue Paper #763, which would reduce funding in 2007-08 for the 3.0 SEG auditor positions by -\$48,300 SEG in salary, fringe benefit, and overtime funding to reflect that the positions would only be filled for nine months in that year.

3. *Heavy Truck Registration Fee Increases.* Adopt Alternative #2m from LFB Issue Paper #765, which would increase heavy truck fees by 10% (rounded to the nearest whole dollar), effective on October 1, 2007. Increase estimated transportation fund revenue by \$10,309,100 in 2007-08 and \$16,394,800 in 2008-09.

4. *Transportation Fund Revenues Used for General Fund Purposes.* Delete \$89,976,500 SEG and 0.75 SEG position and provide \$89,976,500 GPR and 0.75 GPR position in

2008-09 to reflect the elimination of the provisions in the bill, for the second year of the biennium, that would use transportation fund revenue for general fund purposes. Retain the current law GPR appropriations. Delete the SEG appropriations created by the bill, effective July 1, 2008.

5. *General Transportation Aids.* Modify the Governor's recommendations for general transportation aids as follows to provide 2.5% annual increases, rather than 2.0% increases:

a. *County Aid.* Provide an additional \$234,300 SEG in 2007-08 and \$713,200 SEG in 2008-09 to provide a total of \$94,853,500 in 2007-08 and \$97,224,800 in 2008-09. Set the calendar year distribution at \$96,024,500 for calendar year 2008 and \$98,425,100 for calendar year 2009 and thereafter.

b. *Municipal Aid.* Provide an additional \$736,800 SEG in 2007-08 and \$2,243,700 SEG in 2008-09 to provide a total of \$298,420,200 in 2007-08 and \$305,880,700 in 2008-09. Set the calendar year distribution at \$302,104,400 for calendar year 2008 and \$309,657,000 for calendar year 2009 and thereafter.

Establish the mileage aid rate at \$1,946 for calendar year 2008 and \$1,995 for calendar year 2009 and thereafter.

6. *Mass Transit Operating Assistance.* Modify the Governor's recommendations for mass transit assistance by providing an additional \$128,300 SEG in 2007-08 and \$647,300 SEG in 2008-09 to fund a 2.5% annual calendar year increase, rather than a 2.0% increase, to each tier of mass transit systems for calendar years 2008 and 2009. Compared to the bill, funding would be increased as follows: (a) \$73,900 in 2007-08 and \$372,800 in 2008-09 for Tier A-1 (Milwaukee); (b) \$19,700 in 2007-08 and \$99,500 in 2008-09 for Tier A-2 (Madison); (c) \$28,300 in 2007-08 and \$142,700 in 2008-09 for Tier B transit systems; and (d) \$6,400 in 2007-08 and \$32,300 in 2008-09 for Tier C transit systems. Set the calendar year distribution amounts at \$60,584,700 for 2008 and \$62,099,300 for 2009 and thereafter for Tier A-1, \$16,174,100 for 2008 and \$16,578,500 for 2009 and thereafter for Tier A-2, \$23,202,600 for 2008 and \$23,782,700 for 2009 and thereafter for Tier B, and \$5,252,200 for 2008 and \$5,383,500 for 2009 and thereafter for Tier C.

7. *Elderly and Disabled Transportation Aids.* Modify the Governor's recommendation by providing an additional \$66,500 SEG in 2007-08 and \$136,000 SEG in 2008-09, which would fund a 2.5% annual increase for elderly and disabled transportation, based on the combined SEG funding for county assistance and capital aids, but would provide the total increase in the appropriation for county assistance.

8. *Lift Bridge Aids.* Adopt Alternative #1 from LFB Issue Paper #773, which would provide \$29,500 SEG in 2007-08 and \$375,500 SEG in 2008-09 for lift bridge aids to reimburse communities for the costs associated with the operation and maintenance of lift bridges on connecting highways.

9. *Milwaukee to Chicago Passenger Rail Service.* Adopt Alternative #2 from LFB Issue Paper #775, which would modify the Governor's recommendation by reducing funding by \$122,700 SEG and \$491,100 FED in 2007-08 and \$126,000 SEG and \$504,100 FED in 2008-09, based on new estimates of the cost to maintain the Hiawatha route service, with an additional rail

395(2)(fr)

car for each train set.

10. *Local Roads Improvement Program -- Entitlement Component.* Provide \$82,900 SEG and \$82,900 SEG-L in 2007-08 and \$169,600 SEG and \$169,600 SEG-L in 2008-09 for the entitlement component of the local roads improvement program, to provide total increases of 2.5% annually for the program.

395(2)(fr) 11. *Local Roads Improvement Program -- Discretionary Component.* Provide \$35,000 SEG and \$35,000 SEG-L in 2007-08 and \$71,600 SEG and \$71,600 SEG-L in 2008-09 for the discretionary component of the local roads improvement program, to provide total increases of 2.5% annually for the program. Establish statutory distributions for the components of the program, as follows: (a) \$5,381,300 in 2007-08 and \$5,515,800 in 2008-09 and annually thereafter for county projects; (b) \$1,025,000 in 2007-08 and \$1,050,600 in 2008-09 and annually thereafter for municipal projects; and (c) \$768,700 in 2007-08 and \$788,000 in 2008-09 and annually thereafter for town projects.

12. *Aeronautics Assistance.* Provide \$63,100 SEG in 2007-08 and \$129,000 SEG in 2008-09 for the aeronautics assistance program, to provide total increases of 2.5% annually for the program. 395(2)(dg)

13. *Southeast Wisconsin Freeway Reconstruction Projects.* Provide \$60,000,000 SEG in 2008-09 for the I-94 north-south freeway project and reduce the bond authorization for the project by \$60,000,000. Adopt Alternative #C2b, which would delete the provision in the bill that would enumerate the Zoo Interchange project in the statutes to allow the construction of additional lanes on that project. 30,200,000 instead of 90,200,000 395(3)(cr)

14. *State Highway Rehabilitation.* Provide \$39,582,400 SEG and \$491,100 FED in 2007-08 and \$40,850,900 SEG and \$504,100 FED in 2008-09 for the state highway rehabilitation program, to provide total increases of 9.6% in 2007-08 and 4.0% in 2008-09 for the program.

15. *Major Highway Development.* Provide \$11,531,800 SEG in 2007-08 and \$15,046,500 SEG in 2008-09 for the major highway development program, to provide total increases of 5.4% in 2007-08 and 2.6% in 2008-09 for the program.

16. *Major Highway Development -- Bonding Policy.* Adopt Alternative #A5 from LFB Issue Paper #788, which would modify the Governor's recommendation for the major highway development program by providing \$19,011,100 SEG in 2007-08 and \$20,668,400 SEG in 2008-09 and by providing corresponding decreases in the appropriation of revenue bonds (SEG-S), to maintain the use of revenue bonds at the base level. Increase estimated transportation fund revenues by \$600,900 in 2008-09 to reflect a reduction in debt service payments in that year. Reduce the bonding authorization under the bill by \$39,679,500 to reflect a reduction in the use of bonds under this alternative. Adopt Alternative #B1 from LFB Issue Paper #788, which would establish a requirement that the Department of Transportation submit a 10-year bonding policy plan with its biennial agency budget request.

17. *Combined Reporting for Corporate Income Taxation.* Implement combined reporting, as provided in LRB 1251/1 from the 2003 legislative session, effective with tax year

2008. Increase estimated general fund revenues by \$23,400,000 in 2007-08 and \$52,000,000 in 2008-09 to reflect this change.

18. *Petroleum Inspection Fund Transfer.* Transfer \$14,576,500 in 2008-09 from the petroleum inspection fund to the general fund. Increase general fund revenues by \$14,576,500 in 2008-09 to reflect this transfer.

---

Note:

Under this motion, the estimated closing balance of the transportation fund on June 30, 2009, would be \$4,139,800.

[Change to Bill: \$122,279,900 SEG and -0.75 SEG position, \$26,604,800 SEG-REV, \$89,976,500 GPR and 0.75 GPR position, \$89,976,500 GPR-REV, \$14,576,500 SEG-Transfer (petroleum inspection fund), \$359,100 SEG-L, -\$39,679,500 SEG-S, and -\$99,679,500 BR]

[Change to Base: \$422,749,800 SEG and 3.00 SEG positions, \$467,832,400 SEG-REV, -\$70,803,500 GPR, \$89,976,500 GPR-REV, \$14,576,500 SEG-Transfer (petroleum inspection fund), \$1,783,600 SEG-L, and \$374,483,600 BR]



- DOR's large corporate auditors have experience with analyzing market prices (including the effect of intangibles, such as trademarks and tradenames, accounts receivable, inventory, capital assets, real estate, etc.) and using outside sources to confirm financial data.

## ALTERNATIVES TO BILL

### A. Statutory Provisions

1. Approve the Governor's recommendations as submitted in the bill.
2. Modify the Governor's recommendations relative to the oil company assessment to do one or more of the following:
  - a. Specify that the oil company assessment would first apply to motor vehicle fuel sales on October 1, 2007;
  - b. Define gross receipts to mean and include all consideration received from the first sale in the state of motor vehicle fuel received by a supplier for sale in the this state, for sale for export to this state, or for export to this state, but do not include state or federal excise taxes, or the petroleum inspection fees, collected from the purchaser;
  - c. Specify that the person responsible for an action to recover the cost of the oil company assessment would be subject to the possible six-month prison term and define person to mean an officer, employee, or other responsible person of a corporation or other form of business association or a member, employee, or other responsible person of a partnership, limited liability company, or sole proprietorship who, as such officer, employee, member, or other responsible person, is under a duty to establish the selling price of motor vehicle fuel; and/or
  - d. Extend the current law surety bond requirements for the motor vehicle fuel tax to the proposed oil company assessment, modified to refer to the average quarterly liability.
3. Delete provision.

### B. Audit Positions

1. Approve the Governor's recommendation to provide \$200,500 SEG in 2007-08 and \$187,300 SEG in 2008-09 and 3.0 SEG positions annually from the transportation fund to assist in enforcing the oil company assessment on motor vehicle fuel suppliers' gross receipts from fuel sales in Wisconsin.

ALT B1	Change to Bill		Change to Base	
	Funding	Positions	Funding	Positions
SEG	\$0	0.00	\$387,800	3.00

compared to projected revenues, the balance at the end of the biennium is now projected to be \$32 million, or \$29 million higher. The Governor recommends that this additional revenue be used to increase funding for major highway projects from 1.5 percent to 2 percent annually, increase funding for rehabilitation projects from 2.6 percent in fiscal year 2007-08 and 4 percent in fiscal year 2008-09 to 4 percent in each year of the biennium, and increase local transportation aids from 2 percent to 2.5 percent annually.

#### **7. Oil Company Assessment**

The Governor intended to impose the oil company assessment only on motor vehicle fuel that has an end use of propelling motor vehicles in certain circumstances. To ensure that this intent is clearly reflected in the statutory language, the fuels described in s. 78.01(2) and (2m), Wisconsin Statutes, which are those fuels currently excluded from the motor fuel tax and include home heating oil, dyed diesel fuel and other fuels used for nonhighway purposes, should not be included in the supplier's gross receipts.

#### **8. Nursing Care at the Veterans Home at King**

In the Governor's recommendations for the Veterans Home at King, a total of 30.0 FTE PR direct care positions and funding were proposed to address staffing and work load issues at the home. There was no indication in the budget of the classification(s) for the 30.0 FTE direct care positions. In fact, the Governor's intent is that 8.0 FTE positions of the 30.0 FTE positions be approved as registered nurses (RNs).

To adjust the budget to be consistent with the Governor's intent, the budget narratives should be changed to indicate that 8.0 FTE positions of the recommended 30.0 FTE direct care positions be approved and filled as RNs. In addition, an increase of expenditure authority of \$210,000 PR in fiscal year 2007-08 and \$280,000 PR in fiscal year 2008-09 is needed to reflect the Governor's intent for position classifications.

#### **9. Private Bar Funding**

Based on updated information from the state public defender, an additional \$1.2 million GPR each year is required to meet anticipated private bar expenditures.

#### **10. Indigent Civil Legal Services**

To achieve the Governor's intent, the bill should be amended to expand the allowable uses of grant funds for civil legal services beyond the current uses identified in the bill. The bill should also specify that the grants may be used to leverage federal dollars and other private grant funds.



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRBb0360/1

JK:lj... *5*

LFB:.....Dyck - Oil company assessments

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

**SENATE AMENDMENT ,  
TO SENATE SUBSTITUTE AMENDMENT 1,  
TO 2007 SENATE BILL 40**

*in 6-15-07*

- 1 At the locations indicated, amend the substitute amendment as follows: ✓
- 2 **1.** Page 1180, line 12: after that line insert: ✓
- 3 “(2m) “Gross receipts” means all consideration received from the first sale of
- 4 motor vehicle fuel received by a supplier for sale in this state, for sale for export to
- 5 this state, or for export to this state, not including state or federal excise taxes, or
- 6 petroleum inspection fees, collected from the purchaser. “Gross receipts” does not
- 7 include consideration received from the first sale of motor vehicle fuel received by a
- 8 supplier for sale in this state, for sale for export to this state, or for export to this state,
- 9 if the motor vehicle fuel is motor vehicle fuel specified under s. 78.01 (2) or (2m).” ✓

1           **2.** Page 1181, line 24: delete "A supplier who takes" and substitute "The person  
2 responsible for taking".

3           **3.** Page 1182, line 3: after "both." insert "For purposes of this subsection, the  
4 person responsible for taking any action to increase or influence the selling price of  
5 motor vehicle fuel to recover the amount of the assessment is the officer, employee,  
6 or other responsible person of a corporation or other form of business association or  
7 the partner, member, employee, or other responsible person of a partnership, limited  
8 liability company, or sole proprietorship who, as such officer, employee, partner,  
9 member, or other responsible person, has a duty to establish the selling price of motor  
10 vehicle fuel."

11           **4.** Page 1182, line 15: delete "(a)".

12           **5.** Page 1182, line 21: delete lines 21 and 22.

13           **6.** Page 1653, line 13: after that line insert:

14           "(1d) OIL COMPANY ASSESSMENT. In the schedule under section 20.005 (3) of the  
15 statutes for the appropriation to the department of revenue under section 20.566 (1)  
16 (u) of the statutes, as affected by the acts of 2007, the dollar amount is decreased by  
17 \$48,300 for fiscal year 2007-08 to reflect that auditor positions for oil company  
18 assessments would only be filled for 9 months in that fiscal year."

19           (END)



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRBb0360/1

JK:kjf:rs

+WJ

RM not R

LFB:.....Dyck - Oil company assessments

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2007 SENATE BILL 40

6-1807  
m  
INSERT X

\* Page 256, line 3: delete "1,699,100" and substitute "1,691,800".

- 1 At the locations indicated, amend the substitute amendment as follows:
- 2 1. Page 1180, line 12: after that line insert:
- 3 "(2m) "Gross receipts" means all consideration received from the first sale of
- 4 motor vehicle fuel received by a supplier for sale in this state, for sale for export to
- 5 this state, or for export to this state, not including state or federal excise taxes, or
- 6 petroleum inspection fees, collected from the purchaser. "Gross receipts" does not
- 7 include consideration received from the first sale of motor vehicle fuel received by a
- 8 supplier for sale in this state, for sale for export to this state, or for export to this state,
- 9 if the motor vehicle fuel is motor vehicle fuel specified under s. 78.01 (2) or (2m).".

1           **2.** Page 1181, line 24: delete "A supplier who takes" and substitute "The person  
2 responsible for taking".

3           **3.** Page 1182, line 3: after "both." insert "For purposes of this subsection, the  
4 person responsible for taking any action to increase or influence the selling price of  
5 motor vehicle fuel to recover the amount of the assessment is the officer, employee,  
6 or other responsible person of a corporation or other form of business association or  
7 the partner, member, employee, or other responsible person of a partnership, limited  
8 liability company, or sole proprietorship who, as such officer, employee, partner,  
9 member, or other responsible person, has a duty to establish the selling price of motor  
10 vehicle fuel."

11           **4.** Page 1182, line 15: delete "(a)".

12           **5.** Page 1182, line 21: delete lines 21 and 22.

13           **6.** Page 1653, line 13: after that line insert:

14           "(1f) OIL COMPANY ASSESSMENT. In the schedule under section 20.005 (3) of the  
15 statutes for the appropriation to the department of revenue under section 20.566 (1)  
16 (u) of the statutes, as affected by the acts of 2007, the dollar amount is decreased by  
17 \$48,300 for fiscal year 2007-08 to reflect that auditor positions for oil company  
18 assessments would only be filled for 9 months in that fiscal year."

19           (END)

\* Page 1664, line 10 delete lines 1 and 2 and substitute *the*  
sales of motor vehicle fuel on October 1, 2007 *0%*

**2007-2008 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRBb0360/1ins  
JK:kjf:rs

**INSERT X**

- 1. Page 256, line 3: decrease the dollar amount for fiscal year 2007-08 by \$48,300 for the purpose for which the appropriation is made.**



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRBb0360/2  
JK:kjf&wlj:pg

LFB:.....Dyck - Oil company assessments

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

**SENATE AMENDMENT ,  
TO SENATE SUBSTITUTE AMENDMENT 1,  
TO 2007 SENATE BILL 40**

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 256, line 3: decrease the dollar amount for fiscal year 2007-08 by  
3 \$48,300 for the purpose for which the appropriation is made.

4 **2.** Page 1180, line 12: after that line insert:

5 **"(2m)** "Gross receipts" means all consideration received from the first sale of  
6 motor vehicle fuel received by a supplier for sale in this state, for sale for export to  
7 this state, or for export to this state, not including state or federal excise taxes, or  
8 petroleum inspection fees, collected from the purchaser. "Gross receipts" does not  
9 include consideration received from the first sale of motor vehicle fuel received by a



1 supplier for sale in this state, for sale for export to this state, or for export to this state,  
2 if the motor vehicle fuel is motor vehicle fuel specified under s. 78.01 (2) or (2m).”.

3 **3.** Page 1181, line 24: delete “A supplier who takes” and substitute “The person  
4 responsible for taking”.

5 **4.** Page 1182, line 3: after “both.” insert “For purposes of this subsection, the  
6 person responsible for taking any action to increase or influence the selling price of  
7 motor vehicle fuel to recover the amount of the assessment is the officer, employee,  
8 or other responsible person of a corporation or other form of business association or  
9 the partner, member, employee, or other responsible person of a partnership, limited  
10 liability company, or sole proprietorship who, as such officer, employee, partner,  
11 member, or other responsible person, has a duty to establish the selling price of motor  
12 vehicle fuel.”.

13 **5.** Page 1182, line 15: delete “(a)”.

14 **6.** Page 1182, line 21: delete lines 21 and 22.

15 **7.** Page 1664, line 1: delete lines 1 and 2 and substitute “the sales of motor  
16 vehicle fuel on October 1, 2007.”.

17 (END)